

**Date:** Thursday 11 March 2004

**MANGANESE BRONZE HOLDINGS PLC  
UNAUDITED INTERIM RESULTS  
MEXICAN LICENSE AND DISTRIBUTION AGREEMENT  
AND TRADING UPDATE**

Manganese Bronze Holdings PLC, the leading manufacturer of the distinctive London black taxi and operator of Zingo, the mobile phone taxi hailing service announces its unaudited interim results for the six months to 31 January 2004.

**Key Figures**

- Turnover £42.4m (2003: £37.9m from continuing operations)
- Loss before exceptional items and tax from continuing operations reduced to £1.9m (2003: £2.2m loss)
- Interim dividend 1.0p per share (2003: nil per share)

**Operational Highlights**

- Taxi sales in the first six months up by 19% to 1,242 (2003: 1,046)
- Strong growth in Zingo fleet

**Key Developments**

- Signing of distribution and license agreements for Mexico
- Letter of intent for China signed with Bluestar and the Lanzhou Municipal People's Government for manufacturing joint venture in China
- Sale of the site of the Group's London taxi dealership realising a gain of £4.7m
- Combination of Zingo and LTIF operations in second half now that Zingo is an established ongoing operation
- Development of zero and low-emission vehicles underway
- Lower than expected taxi sales and Zingo hails in early 2004

Commenting on the results and recent developments Ian Pickering, Chief Executive of Manganese Bronze said:

"These results are an improvement on last year particularly within the Vehicles Division. Zingo incurred higher losses than in the first half of 2003 as the service had not been launched at that time and higher costs were incurred post launch particularly for marketing to drivers and passengers. The level of expenditure is being reduced in the second half.

"I am delighted that we have reached the agreements for our vehicle to be assembled in Mexico and sold throughout Latin America. TransPacific's experience and local knowledge will be central to opening up this market and we look forward to a long and successful relationship.

"This is another important step in our plans to expand the traditional taxi business into global markets following the signing of the letter of intent with Bluestar and the Lanzhou Municipal People's Government in February.

“The combination of the skills of Zingo and LTIF will provide enhanced service for London’s taxi drivers and hopefully soon outside London.

“The development of vehicles with zero or low-emissions capability is widely regarded in the automotive industry and in the wider community as the way forward for the industry. It is important that LTI’s product strategy reflects this trend.

“Whilst recent trading conditions have been a little more challenging than expected, the Group remains committed to implementing its strategy of international expansion, new product development and the growth of its service activities to deliver real value to our shareholders.”

## **CHAIRMAN'S STATEMENT**

The transformation of the Group, which began last year with the disposal of the Components Division and the sale and leaseback of the Coventry site, has continued in 2004. Good progress has been made in the plans to expand the Group's taxi business into global markets and to develop its service activities whilst continuing to realise value for shareholders from its property assets and to reduce the pension deficit.

### **Results**

The Group reduced its operating loss before exceptional items to £1.8m in the six months to 31 January 2004 (2003 £1.9m). Overall the Group incurred a loss before tax of £2.0m (2003 £1.6m including £1.0 exceptional income).

Net borrowings at 31 January 2004 reduced to £5.1m from £13.7m at the same time last year and benefited from the proceeds of the share placing in November 2003.

### **Vehicles Division**

Vehicles Division turnover increased by 10.4% to £41.9m (2003 £37.9m). Taxi sales increased to 1,242 in the first half of 2004 (including 162 exports) from 1,046 (including 8 exports) in 2003. The number of taxis sold or registered in the UK during the month of February 2004 was 90 (2003 182). Sales of taxis to the USA in the second half of the financial year are expected to be adversely affected by the current strength of sterling to the US dollar. Nevertheless the weekly production rate of taxis will be increased in April from 55 to 71 per week.

In September 2003, the Public Carriage Office announced that they planned to conduct a second limited review of the London Conditions of Fitness. The results of this review are not expected to be known until the late summer.

The recommendation by the Office of Fair Trading to deregulate the taxi and private hire industry in the United Kingdom has met with much resistance from within the industry. The review is currently being considered by the appropriate government departments and an announcement from them is expected shortly.

### **Zingo**

The Zingo mobile phone taxi hailing service was launched successfully last year and the Zingo taxi fleet has since grown to over 1,150 vehicles. Use of the service grew rapidly in the second half of last year but that rate of growth has yet to be repeated in 2004 following a reduction in the number of hails over the Christmas and New Year holiday period. As the development of the service is now complete, the Group has decided to combine Zingo with its taxi finance business (LTIF). Bringing together these two activities is expected to result in a reduction of more than half in the level of Zingo's normal monthly expenditure of £250,000 for a one off cost of not more than £300,000. At the same time the Group has started discussions to launch Zingo in other cities both in the UK and abroad.

## **Pensions**

The Group reached an agreement in December 2003 with the Trustees of its defined benefit pension scheme (which was closed to new members in 1995) to reduce the level of monthly contributions to the scheme from £125,000 to £100,000 from January 2004 onwards. This will result in a saving for the Group of £175,000 in the current financial year and a pro forma £300,000 annual saving.

The reduction followed the transfer by the scheme Trustees of the Guaranteed Minimum Pension element of the scheme back into the State Earnings Related Pension Scheme (SERPS). To achieve the transfer to SERPS, the Trustees paid a premium of £2.5m to the National Insurance Contributions Office (NICO) out of the scheme's assets which reduced the scheme's liabilities valued in accordance the Minimum Funding Requirement (MFR) regulations by £4.0m.

The SERPS buy-back has the benefit of reducing the deficit of the pension scheme under the MFR regulations as at 31st July 2003 from £5.3m to £3.8m, after payment of the premium to NICO.

## **Sale of London Taxi Dealership Site**

In March 2004 the Group announced that it had sold the site of its London taxi dealership to English Partnerships for a total consideration of £7.9m. It had a book value of £2.9m and the sale will generate a profit after costs of £4.7m. Simultaneously, the Group purchased the leasehold of a property at Brewery Road, near to Kings Cross, London from British Telecommunications PLC for a total consideration of £4.6m.

## **Mexican License and Distribution Agreement**

On 10 March 2004, the Group signed Distribution and Limited License agreements with London Taxi Mexico LLC and Transpacific Capital LLC for the assembly and sale of taxis in Mexico and certain countries in Latin America. Production of taxis in Mexico is expected to start in early 2005.

Mexico, with a population of more than 100 million is centrally urbanized around three major cities together comprising more than 35 million people. There is a clear need for a purpose built taxi fleet to serve this high population concentration. There are currently approximately 600,000 taxis in Mexico with a replacement rate of 50,000 per year. The agreements will enable the world's most famous taxi to be distributed in Mexico from a local assembly facility, maximizing the ability to meet this large local demand. The agreements also provide for LTI Ltd (LTI) to procure components for its own taxi production from LTM's Mexican supply base.

## **China Letter of Intent**

In February 2004 the Group announced that it had signed a letter of intent with China National Bluestar (Group) Corporation and the Lanzhou Municipal People's Government for the establishment of a joint venture company to manufacture purpose built taxis in China. A feasibility study to be submitted to the Chinese government is under preparation.

## **Low Emission Vehicles**

In April of last year the Group announced that LTI had reached an agreement with Azure Dynamics Corporation of Canada (Azure), a leading developer of hybrid electric powertrains for commercial vehicles, to develop black taxis with hybrid electric powertrains. The first prototype developed under this agreement is expected to start trials in London in May of this year.

LTI has also been working with Azure on the initial development of a new inner-city utility vehicle using Azure's advanced powertrain technology. This program has been partially funded by grants from the Energy Savings Trust. LTI is planning to produce three prototype vehicles on which it will incur expenditure of up to £500,000 in the second half of the current financial year. The development of a new vehicle will only be continued if sufficient orders can be secured to justify the related expenditure.

## **Dividend**

In light of the Board's confidence in its strategy and the recent sale of the site of the London taxi dealership, the Board has declared an interim dividend of 1.0 pence per share. This will be paid on 30 April 2004 to shareholders on the register on 2 April 2004.

## **Current Trading and Prospects**

The Group's overall results for the year will benefit from the £4.7m exceptional gain on the disposal of the site used by its London taxi dealership. However, as a result of the lower than expected demand for taxis and Zingo hails in recent months mentioned above, the Group's pre exceptional results for the current financial year are likely to be below market expectations. The outcome for the year will, of course, depend on the rate of take up of Zingo and future taxi sales.

## **Tim Melville-Ross**

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## **For further information:**

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### **Financial Dynamics**

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# MANGANESE BRONZE HOLDINGS PLC

## FINANCIAL HIGHLIGHTS

	<b>2004</b>	<b>2004</b>	2003	2003	2003	2003
	<b>Half year</b>	<b>Half year</b>	Half year	Half year	Full year	Full year
	<b>turnover</b>	<b>profit/(loss)</b>	turnover	profit/(loss)	turnover	profit/(loss)
		<b>before tax</b>		<b>before tax</b>		<b>before tax</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	<b>£000</b>	<b>£000</b>	£000	£000	£000	£000
Continuing operations:						
Vehicles	<b>41,876</b>	<b>1,962</b>	37,943	1,022	85,974	4,454
Zingo	<b>483</b>	<b>(2,516)</b>	5	(1,170)	57	(3,345)
Head office – general costs	-	<b>(492)</b>	-	(1,098)	-	(2,659)
Head office – pension contributions to closed scheme	-	<b>(725)</b>	-	(625)	-	(2,375)
Head office – exceptional income	-	-	-	961	-	956
	<b>42,359</b>	<b>(1,771)</b>	37,948	(910)	86,031	(2,969)
Discontinued operations:						
Components	-	-	13,446	(331)	27,228	(1,005)
	-	-	13,446	(331)	27,228	(1,005)
Turnover/ operating loss	<b>42,359</b>	<b>(1,771)</b>	51,394	(1,241)	113,259	(3,974)
Exceptionals:						
Profit on sale of fixed assets		-		-		1,857
Loss on disposal of discontinued operations		<b>(33)</b>		-		(7,524)
Loss on ordinary activities before finance charges		<b>(1,804)</b>		(1,241)		(9,641)
Finance charges - net		<b>(160)</b>		(335)		(516)
Loss before taxation		<b>(1,964)</b>		(1,576)		(10,157)
Net assets		<b>22,205</b>		34,689		22,558

	<b>2004</b>	As restated 2003	As restated 2003
	<b>Half year</b>	Half year	Full year
Basic loss per ordinary share	<b>(7.73)p</b>	(5.45)p	(45.92)p
Interim dividend per ordinary share	<b>1.00p</b>	-	-
Final dividend per ordinary share	-	-	27.00p
Price range of ordinary shares (1 August - 31 January; 1 August - 31 July)	67p - 201p	50p - 87p	67p - 139p
Weighted average number of ordinary shares in issue	18,335,738	17,979,088	17,979,088
Market capitalisation at 1 March/ 1 September	£42.80m	£13.80m	£20.32m
Net assets per ordinary share	<b>114.2p</b>	189.1p	121.7p

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the six months ended 31 January 2004

				As restated		As restated	
	Continuing operations	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Six months to 31 Jan 2004	Six months to 31 Jan 2003	Six months to 31 Jan 2003	Six months to 31 Jan 2003	Twelve months to 31 July 2003	Twelve months to 31 July 2003	Twelve months to 31 July 2003
Notes	(Unaudited) £000	(Unaudited) £000	(Unaudited) £000	(Unaudited) £000	(Audited) £000	(Audited) £000	(Audited) £000
<b>Turnover</b>	<b>42,359</b>	37,948	13,446	51,394	86,031	27,228	113,259
Cost of sales	<b>(35,626)</b>	(32,377)	(11,795)	(44,172)	(72,856)	(22,820)	(95,676)
<b>Gross Profit</b>	<b>6,733</b>	5,571	1,651	7,222	13,175	4,408	17,583
Operating expenses	<b>(7,779)</b>	(6,853)	(2,173)	(9,026)	(14,808)	(5,619)	(20,427)
Pension contribution to closed scheme	2 <b>(725)</b>	(625)	-	(625)	(2,375)	-	(2,375)
Exceptional income	-	961	-	961	956	-	956
Other operating income	-	36	191	227	83	206	289
<b>Net operating expenses</b>	<b>(8,504)</b>	(6,481)	(1,982)	(8,463)	(16,144)	(5,413)	(21,557)
<b>Operating loss</b>	<b>(1,771)</b>	(910)	(331)	(1,241)	(2,969)	(1,005)	(3,974)
Profit on sale of fixed assets (continuing operations)	-			-			1,857
Loss on disposal of discontinued operations	3 <b>(33)</b>			-			(7,524)
<b>Loss on ordinary activities before finance charges</b>	<b>(1,804)</b>			(1,241)			(9,641)
Finance charges - net	<b>(160)</b>			(335)			(516)
<b>Loss on ordinary activities before taxation</b>	<b>(1,964)</b>			(1,576)			(10,157)
Tax credit on loss on ordinary activities	4 <b>586</b>			633			2,033
<b>Loss on ordinary activities after taxation</b>	<b>(1,378)</b>			(943)			(8,124)
Dividends (including non-equity dividends)	5 <b>(216)</b>			(28)			(4,863)
<b>Transferred from reserves</b>	<b>(1,594)</b>			(971)			(12,987)
<b>Basic loss per ordinary share</b>	6 <b>(7.73)p</b>			(5.45)p			(45.92)p
<b>Diluted loss per ordinary share</b>	6 <b>(7.73)p</b>			(5.45)p			(45.92)p
<b>Dividend per ordinary share</b>	<b>1.00p</b>			-			27.00p

## ANALYSIS OF RESULTS

Notes	Six months to 31 Jan 2004 (Unaudited) £000	Six months to 31 Jan 2003 (Unaudited) £000	As restated Twelve months to 31 July 2003 (Audited) £000
<b>Turnover</b>			
Continuing operations:			
Vehicles	41,876	37,943	85,974
Zingo	483	5	57
Head office	-	-	-
	<b>42,359</b>	37,948	86,031
Discontinued operations:			
Components	-	13,446	27,228
	<b>42,359</b>	51,394	113,259
<b>Operating Profit/(Loss)</b>			
Continuing operations:			
Vehicles	1,962	1,022	4,454
Zingo	(2,516)	(1,170)	(3,345)
Head office - general costs	(492)	(1,098)	(2,659)
Head office - pension contributions to closed scheme	(725)	(625)	(2,375)
Head office - exceptional income	-	961	956
	<b>(1,771)</b>	(910)	(2,969)
Discontinued operations:			
Components	-	(331)	(1,005)
	<b>(1,771)</b>	(1,241)	(3,974)

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the six months ended 31 January 2004**

		<b>Six months to 31 Jan 2004 (Unaudited) £000</b>	Six months to 31 Jan 2003 (Unaudited) £000	As restated Twelve months to 31 July 2003 (Audited) £000
	Notes			
Loss for the period		<b>(1,378)</b>	(943)	(8,124)
Unrealised net (deficit)/surplus on revaluation of properties		-	-	(109)
Currency translation differences		-	-	(6)
<b>Total recognised gains and losses relating to the period</b>		<b>(1,378)</b>	<b>(943)</b>	<b>(8,239)</b>
Prior year adjustment	7	<b>285</b>		
<b>Total gains and losses recognised since last annual report and financial statements</b>		<b>(1,093)</b>	-	-

**CONSOLIDATED BALANCE SHEET**  
as at 31 January 2004

	Notes	As at 31 Jan 2004 (Unaudited) £000	As restated As at 31 Jan 2003 (Unaudited) £000	As restated As at 31 July 2003 (Audited) £000
<b>Fixed assets</b>		<b>22,852</b>	39,768	23,339
<b>Current assets</b>				
Stocks		16,284	21,058	15,419
Debtors		6,037	8,584	5,702
Cash at bank and in hand		2,000	967	8,726
		<b>24,321</b>	30,609	29,847
<b>Creditors</b> Amounts falling due within one year				
Bank overdraft and other short term debt		-	-	-
Stocking loan		(6,364)	(8,836)	(6,671)
Finance contracts		(294)	(288)	(319)
Creditors		(15,303)	(17,120)	(15,837)
Corporation tax		-	(58)	(1)
Proposed dividends		(189)	-	(4,810)
		<b>(22,150)</b>	(26,302)	(27,638)
<b>Net current assets</b>		<b>2,171</b>	4,307	2,209
<b>Total assets less current liabilities</b>		<b>25,023</b>	44,075	25,548
<b>Creditors</b> Amounts falling due after more than one year				
Bank loan		-	(5,250)	-
Finance contracts		(411)	(300)	(42)
Provisions for liabilities and charges		(2,407)	(3,836)	(2,948)
<b>Net assets</b>		<b>22,205</b>	34,689	22,558
<b>Capital and reserves</b>				
Called up share capital	8	5,362	5,179	5,179
Share premium account	8	4,651	3,593	3,593
Capital redemption reserve		916	916	916
Revaluation reserve		2,429	11,246	2,429
ESOP reserve	7	(500)	(500)	(500)
Profit and loss account		9,347	14,255	10,941
<b>Shareholders' funds including non-equity interests</b>		<b>22,205</b>	34,689	22,558
<b>Net assets per ordinary share</b>		<b>114.2p</b>	189.1p	121.7p

**CONSOLIDATED CASH FLOW STATEMENT**  
for the six months ended 31 January 2004

				As restated		As restated
	Continuing operations	Continuing operations	Discontinued Operations	Total	Continuing operations	Discontinued operations
	Six months to 31 Jan 2004	Six months to 31 Jan 2003	Six months to 31 Jan 2003	Six months to 31 Jan 2003	Twelve months to 31 July 2003	Twelve months to 31 July 2003
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Notes	£000	£000	£000	£000	£000	£000
<b>Reconciliation of operating loss to net cash inflow/(outflow) from operating activities:</b>						
Operating loss	(1,804)	(910)	(331)	(1,241)	(2,969)	(1,005)
Depreciation	2,253	1,721	758	2,479	3,892	1,561
Amortisation of intangible fixed assets	-	-	5	5	-	11
Loss/(profit) on sale of fixed assets	-	2	(171)	(169)	126	(147)
(Increase)/decrease in stocks	(868)	(1,313)	(14)	(1,327)	863	281
(Increase)/decrease in debtors	(5)	737	(1,182)	(445)	(2,766)	(607)
Increase/(decrease) in creditors and provisions	(889)	(3,270)	1,376	(1,894)	1,570	(460)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(1,313)</b>	<b>(3,033)</b>	<b>441</b>	<b>(2,592)</b>	<b>716</b>	<b>(366)</b>
Net cash inflow/(outflow) from operating activities:						
Continuing operating activities	(1,313)			(3,033)		716
Discontinued operating activities	-			441		(366)
<b>Returns on investments and servicing of finance</b>						
Interest received	6			2		1
Interest paid	(147)			(284)		(563)
Interest element of finance contract payments	(19)			(53)		46
Preference dividends paid	(27)			(28)		(56)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(187)</b>			<b>(363)</b>		<b>(572)</b>
<b>Taxation</b>						
UK corporation tax (paid)/recovered	-			(40)		(40)
<b>Capital expenditure</b>						
Purchase of tangible fixed assets	(1,201)			(2,005)		(4,327)
Proceeds from sale of tangible fixed assets	11			719		8,720
<b>Net cash outflow from capital expenditure</b>	<b>(1,190)</b>			<b>(1,286)</b>		<b>4,393</b>
<b>Acquisitions and disposals</b>						
Net proceeds from sale of business	75			-		7,268
<b>Equity dividends paid</b>	<b>(4,810)</b>			<b>(178)</b>		<b>(175)</b>
<b>Net cash (outflow)/inflow before financing</b>	<b>(7,425)</b>			<b>(4,459)</b>		<b>11,224</b>

As restated

		<b>Continuing operations</b>	Total	Total Twelve months to 31 July 2003
		<b>Six months to 31 Jan 2004</b>	Six months to 31 Jan 2003	(Audited)
	Notes	<b>(Unaudited) £000</b>	(Unaudited) £000	(Audited) £000
<b>Financing</b>				
Issue of Ordinary Share Capital	8	1,241	-	-
Capital element of finance contract payments		(235)	(699)	(1,208)
Increase/(decrease) in stocking loan		(307)	1,477	(688)
Increase/(decrease) in bank loan		-	2,250	(3,000)
<b>Net cash inflow/(outflow) from financing</b>		<b>699</b>	<b>3,028</b>	<b>(4,896)</b>
<b>(Decrease)/increase in cash</b>		<b>(6,726)</b>	<b>(1,431)</b>	<b>6,328</b>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1 BASIS OF PREPARATION

These interim statements have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 July 2003, with the exception that UITF38, Accounting for ESOP Trusts, has been adopted. This has given rise to a prior year adjustment (see note 7).

The Interim Report and Financial Statements were approved by the Board of Directors on 11th March 2004. The results for the six months ended 31 January 2004 and 31 January 2003 have not been audited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The abridged financial information for the year ended 31 July 2003 has been extracted from the Annual Report 2003, which has been filed with the Registrar of Companies and on which the auditors reported without qualification. Where appropriate, figures have been re-stated following the adoption of UITF38.

### 2 OPERATING EXPENSES – PENSIONS

Additional contributions required under Minimum Funding Regulations totalling £725,000 in the half year, (2003: £625,000) and £2,375,000 in the year ended 31 July 2003, were paid into the Manganese Bronze Group Defined Benefit Scheme. The Scheme closed in 1995 and there are no employees who currently contribute to the Scheme. All other pension costs are included in other operating expenses.

### 3 LOSS ON DISPOSAL OF DISCONTINUED OPERATIONS

The loss on disposal of discontinued operations of £33,000 in the half year is an adjustment in respect of the disposal of the Components Division which occurred in the previous year on 29th July 2003.

### 4 TAXATION

The taxation credit which is based on the loss for the period comprises:

	<b>Six months to 31 Jan 2004 (Unaudited) £000</b>	Six months to 31 Jan 2003 (Unaudited) £000	Twelve months to 31 July 2003 (Audited) £000
UK Corporation Tax	-	-	-
Adjustments relating to prior years - current taxation	-	-	(57)
Deferred taxation	(586)	(633)	(1,913)
Adjustments relating to prior years - deferred taxation	-	-	(63)
<b>Total taxation (credit)</b>	<b>(586)</b>	<b>(633)</b>	<b>(2,033)</b>
Tax reconciliation:			As restated Twelve months to 31 July 2003
	<b>Six months to 31 Jan 2004 (Unaudited) £000</b>	Six months to 31 Jan 2003 (Unaudited) £000	(Audited) £000
Loss on ordinary activities before taxation	(1,964)	(1,576)	(10,157)
Corporation tax thereon at 30%	(589)	(473)	(3,047)
Non taxable income	-	-	(643)
Disallowed in relation to the Components sale	-	-	1,595
Sundry disallowed expenses	3	(160)	182
Timing differences	586	633	1,913
Adjustment to prior years	-	-	(57)
<b>Taxation (credit) for current year</b>	<b>-</b>	<b>-</b>	<b>(57)</b>

## 5 DIVIDENDS

Distributions to shareholders in the half year include a proposed interim dividend of 1p per ordinary share (2003: nil) totalling £189,000 (2003: nil) and preference dividends of £27,000 (2003: £28,000).

## 6 LOSS PER ORDINARY SHARE

Basic loss per Ordinary Share is calculated on the loss on ordinary activities after both taxation and the preference dividend and on the weighted average number of ordinary shares in issue, excluding those shares held under the ESOP trust.

## 7 PRIOR YEAR ADJUSTMENT

In accordance with UITF 38, Accounting for ESOP Trusts, the prior year figures have been restated to bring in an ESOP reserve as a deduction from shareholders' funds, being the gross cost of the company's shares purchased by the ESOP trust. The prior year profit and loss account has been restated to write back previous provision movements against the value of the shares. The effects of the change are summarised below:

	Six months to 31 Jan 2003 (Unaudited) £000	Twelve months to 31 July 2003 (Audited) £000
<b>Profit and loss account</b>		
Operating expenses	-	(73)
Increase in loss for the period	-	(73)
<b>Balance sheet</b>		
Fixed assets	(142)	(215)
Decrease in net assets	(142)	(215)
ESOP reserve	(500)	(500)
Profit and loss account	358	285
Decrease in shareholders' funds	(142)	(215)

## 8 SHARE CAPITAL

During the period the directors exercised their powers, granted at the last annual general meeting, to allot 898,954 ordinary shares with a nominal value of 25p and at a premium of 122.5p per share for cash to institutional shareholders. The market price of these shares on 14/11/03, the date on which the terms of the issue were fixed, was 152.5p.

## 9 SEGMENTAL NET ASSETS

	As at 31 Jan 2004 (Unaudited) £000	As restated As at 31 Jan 2003 (Unaudited) £000	As restated As at 31 July 2003 (Audited) £000
Continuing operations:			
Vehicles	21,410	27,346	19,891
Zingo	2,282	2,540	3,911
Head office	3,582	(1,044)	(3,606)
	<b>27,274</b>	<b>28,842</b>	<b>20,196</b>
Discontinued operations:			
Components	-	19,554	668
	-	19,554	668
	<b>27,274</b>	<b>48,396</b>	<b>20,864</b>
Plus net funds/(less net borrowings)	<b>(5,069)</b>	<b>(13,707)</b>	<b>1,694</b>
<b>Total net assets</b>	<b>22,205</b>	<b>34,689</b>	<b>22,558</b>

## 10 ANALYSIS OF CASH, DEBT AND GEARING

### Reconciliation of net cash flow to movement in net funds/(debt):

	Six months to 31 Jan 2004 (Unaudited) £000	As restated Six months to 31 Jan 2003 (Unaudited) £000	As restated Twelve months to 31 July 2003 (Audited) £000
<b>(Decrease)/increase in cash in the period</b>	<b>(6,726)</b>	<b>(1,431)</b>	<b>6,328</b>
Capital element of finance contracts payments	235	699	1,208
Decrease/(increase) in stocking loan	307	(1,477)	688
Decrease/(increase) in bank loan	-	(2,250)	3,000
<b>Change in net funds/debt resulting from cash flows</b>	<b>(6,184)</b>	<b>(4,459)</b>	<b>11,224</b>
Non-cash items - new finance contracts	(579)	(309)	(591)
<b>Movement in net funds/debt in period</b>	<b>(6,763)</b>	<b>(4,768)</b>	<b>10,633</b>
<b>Net funds/(debt) brought forward</b>	<b>1,694</b>	<b>(8,939)</b>	<b>(8,939)</b>
<b>Net funds/(debt) carried forward</b>	<b>(5,069)</b>	<b>(13,707)</b>	<b>1,694</b>
<b>Shareholders' funds</b>	<b>22,205</b>	<b>34,689</b>	<b>22,558</b>
<b>Gearing</b>	<b>22.8%</b>	<b>39.5%</b>	<b>-</b>